



INDEPENDENT AUDIT AND PERFORMANCE COMMISSION (IAPC)

Minutes of the Wednesday, July 1, 2015 Meeting

Location: City Hall – 255 W. Alameda, Budget Conference Room, 4th Floor West, Tucson, AZ

Members Present: Robert Clark (Ward 5); David Cormier (Ward 1); Mark Crum (Ward 2); Kevin Oberg, Chairperson (Ward 4); Jeff Singleton (Mayor)

Members Absent: Jim Hannley, Vice Chairperson (Ward 3)

Staff: Joyce Garland, Budget and Internal Audit Program Director; Marcheta Gillespie, Procurement Director; Victoria Cortinas, Contract Administrator; Bob Kulze, Interim Internal Audit Manager (Ex-Officio Commission Member), Diane Link, Administrative Assistant

Roll Call: 3:02 P.M. - A quorum was established.

1. Presentation on the Small Business Enterprise (SBE) Program

Ms. Gillespie and Ms. Cortinas provided an overview of the SBE program. Their presentation included information about program stakeholders, the goal-setting process, the good faith waiver, and selected case studies. Ms. Gillespie and Ms. Cortinas fielded and answered questions. No action was taken.

2. Approval of the June 3, 2015 IAPC Meeting Minutes

It was moved by Mr. Crum, duly seconded and carried by a voice vote of 5 to 0, to approve the minutes.

3. Staff Update

Ms. Garland provided an update on the following items:

- City Manager Michael Ortega officially started work today, July 1, 2015. He is scheduling appointments with departments and has already met with the Transportation Department.
- A new Internal Audit Finance Manager is due to start in mid-July. His name is Peter Saxton and comes to the City from Yavapai County where he was finance director. He has previously worked for the Town of Sahuarita as finance manager and in the Office of the Arizona Auditor General.
- The City's FY 2016 budget was adopted by the Mayor and Council on June 9, 2015.
- The Intergovernmental Agreement (IGA) between the City and Pima County for animal care services was approved by the Mayor and Council. Pima County agreed to waive their general administrative overhead fees for 2014 and 2015.
- The City's jailboard costs are projected to come in less than budget for FY 2015 due to the City's alternative to jail program and significant related efforts being undertaken by the Tucson Police Department. The City is hopeful that this budget trend will continue in FY 2016.
- The Mayor and Council approved some of the recommended charter changes to go on the November ballot. The recommended financial changes will not be on the ballot. They may be looked at again for a special or general election next year.

Ms. Garland fielded and answered questions. No action was taken.

4. Approval of Draft IAPC Six-Month Activities Report to Mayor and Council

Mr. Kulze presented the draft report. It was moved by Mr. Crum, duly seconded and carried by a voice vote of 5 to 0, to approve the report.

5. Presentation of the IAPC Cost Allocation Subcommittee Draft Report

Subcommittee member Mark Crum provided an update in the absence of the subcommittee's chairperson, Jim Hannley. Mr. Crum indicated that Mr. Hannley is preparing a draft report based on the members' individual submissions and the subcommittee will meet again on July 7, 2015 to discuss that draft report. Mr. Cormier asked if the subcommittee had considered asking the Citizen's Water Advisory Committee (CWAC) to send a representative to a subcommittee meeting to present their concerns and, if not, would the subcommittee be able to articulate those concerns if asked. Mr. Crum responded that the subcommittee had considered, but, not made that request and that the subcommittee's understanding of the CWAC's concerns were as provided in Council Member Kozachik's memorandum. Mr. Kulze added that a member of the CWAC had provided comment to the IAPC at a previous meeting. When asked for his opinion by Mr. Oberg, Mr. Crum stated that he would have preferred for a CWAC representative to be there (at a subcommittee meeting). Mr. Crum confirmed Mr. Oberg's understanding that the subcommittee's draft report will come before the IAPC, once completed. No action was taken.

6. IAPC Pension Subcommittee Update

Subcommittee member Kevin Oberg provided an update. Due to the vacant Ward VI position on the IAPC and, consequently, the Pension Subcommittee, the subcommittee has not been able to meet. As IAPC Chairperson, Mr. Oberg met with Council Member Kozachik about the possibility of an appointee to fill the vacant position. Mr. Oberg indicated his preference that Council Member Kozachik's appointee also fills the vacant position on the Pension Subcommittee, given Council Member Kozachik's interest in the pension item. Future meetings of the Pension Subcommittee are on hold pending this appointment. No action was taken.

7. Discussion of Business Licensing Structure and Fees – Presentation of Draft Scope

Mr. Cormier presented a conceptual plan and outlined his thoughts on reviewing the business licensing structure and fees. The conceptual plan has five components that would provide background and information to enable the IAPC to comment on this topic. There was discussion. Several members commented on the complexity and somewhat overwhelming nature of this item. Mr. Clark commented that the first step necessary to make a decision would be to look at the policies behind the fees and licenses in order to determine if it is something that the IAPC would want to tackle. Mr. Cormier indicated that there is no one collective resource that would provide all of these policies and that a lot of time would be required of staff in order to collect this information. Mr. Oberg asked that Mr. Cormier's comments be considered by the members for further discussion at the next meeting and to consider if this is a topic to which the IAPC can really add value. No action was taken.

8. FY 2015 Internal Audit Plan - Fourth Quarter Update

Mr. Kulze provided an update of Internal Audit activities during the period of April through June 2015. This item was informational in nature. No action was required or taken.

9. Call to the Audience

No one spoke.

10. Future Agenda Items

A tentative calendar for FY 2016 was provided. There is no meeting in August. Mr. Oberg asked if there were any other items to add to the calendar. Mr. Cormier asked if staff could be asked to provide a presentation about the general fund reserve and how it is calculated. Mr. Oberg asked if staff could invite the new city manager to the September meeting. No action was taken.

Adjournment: 4:34 P.M.